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MASSACHUSETTS BUSINESS AND ECONOMIC REPORT

Management Research Center, School of Business Administration,
University of Massachusetts, Amherst, MA 01003

Vol. 8 No. 4
Spring 1981

Private Industry Councils— The Part of the CETA Program That Really Works

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Introduction

Recently, when President Reagan released his "hit list" on budget cuts, noticeably absent was a relatively obscure portion of the CETA Program—Title VII, the Private Sector Initiative Program. To the casual observer, this seemingly minor point surely represents a budgetary technicality. But to economically disadvantaged workers in Massachusetts and throughout the country, this omission could spell the difference between continued unemployment and hardship and a meaningful career.* Moreover, the business community also suffers from the unemployment phenomenon. A recent survey of small business executives conducted by the First National Bank of Boston has determined that nearly one out of two firms are experiencing central labor market shortages of skilled production workers. The challenge of the Private Sector Initiative Program is to make both sides of the labor market function more smoothly by linking the unemployed with private sector employers.

Originally proposed by former President Carter in October 1979, the Private Sector Initiative Program was designed to forge a partnership between CETA and the private sector—especially the business community—in order to create jobs for the hard-to-employ. The Program recognizes increasing private sector needs for skilled and semi-skilled labor in the face of structural unemployment and underemployment. Explicitly, the Program requires the private sector to participate in the design of local manpower training programs, thus dramatically raising the likelihood of the Program's effectiveness and its access to private sector jobs.

Since the passage of Title VII, 460 Private Industry Councils (PICs) have been created across the country to implement the Private Sector Initiative Program. These PICs emphasize two economic goals:

- to secure more permanent jobs in the private sector for the economically disadvantaged who face special difficulties in entering the labor market;
- to attract greater and more effective private sector involvement in the public sector employment and training system.

To realize these goals, each PIC serves as the local business community's contact point with and advocate before the local public manpower agency. Moreover, PICs provide technical assistance to the business community by explaining the pros, cons and procedures of public training programs. Finally, PICs participate with the CETA prime sponsor (the agency responsible for the direct receipts and allocation of funds under all CETA programs) in the development and implementation of programs. In other words, each PIC is responsible for allocating the Title VII funds that the prime sponsor has received.

The CETA Title VII legislation gives the prime sponsor the authority to select and appoint the PIC's membership. The legislation also specifies which groups must be represented on the PIC with full voting status. They consist first and foremost of business sector representatives, followed by organized labor, community-based organizations, educational agencies, and other nonprofit institutions. Representation from the private sector must constitute a majority of the PIC. Further, no fewer than one-half of the private sector representatives must be from small businesses. Minority businesses must also participate.

*Only about 4% of all CETA funds go to private sector job training. Most CETA monies have paid for subsidized public jobs. Statistics show that neither the long-term employability of individuals nor the economy as a whole has significantly benefited from these massive public sector expenditures. Fortunately, these are the large dollar components that the President has wisely chosen to eliminate.

Thus far, this approach to job training (and retraining as well) appears to be working. In Massachusetts alone, approximately 2,000 individuals have received training through the Private Sector Initiative Program, most of whom are now productively employed in their local labor markets. The results from other states have been similarly encouraging. Because of this encouraging record, President Reagan has wisely decided to continue this important program.

The Massachusetts PICs

Massachusetts responded to the Title VII initative by organizing ten PICs within the purview of the state's ten Prime Sponsors—Boston, Hamden County, Worcester, New Bedford, Fall River, Pittsfield area, Lowell, Salem, Middlesex County and the Balance of State (for all remaining cities and towns). At this writing, representatives from a wide range of public and private institutions are actively donating their professional skills to enhance labor training in the Commonwealth. Although each PIC has had considerable freedom to develop its own unique approach to employment problems in its labor market area, some generalizations can be made.

For example, each PIC has either conducted or obtained a survey on the short- and long-range employment demands of the local business sector. Accordingly, each PIC has developed criteria for the types of occupations selected for training programs. A number of PICs have developed their own training standards and curricula for specific occupations and have assessed existing employment and training systems. Finally, five of the PICs have chosen to incorporate, enabling them to directly administer and operate a much greater diversity of training programs and projects funded by nongovernmental sources. The following project descriptions illustrate the diversity of PIC activities in the Commonwealth.

In the summer of 1980, the Balance of State PIC, in conjunction wit the Balance of State Prime Sponsor and the Massachusetts Board of Regional Colleges, initiated the "Hi-Tech Prep" project. In addition to imparting high technology-related skills to CETA-eligible trainees throughout Massachusetts, the project forged valuable ties between CETA and the Community College System, thus, enabling the latter to marshal some of its excess-program capacity for training. To date, 189 Massachusetts residents have participated in the program and are now productively employed in the labor market.

The Balance of State PIC has also helped fund and develop the Jobs for Bay State Graduates (JBSG) program. The program is part of a national effort designed to test the transferability of the successful Jobs for Delaware Graduates program. This program is being implemented by the Council for Northeast Economic Action. Its purpose is to provide high school seniors who are least likely to find employment upon graduation with employability skills, career awareness, job placement and up to nine months of counseling support after employment. The JBSG program is now developing strong operational roots in four high schools in Massachusetts—Taunton, Quincy, Falmouth, and Cathedral High School in Boston. Approximately 300 seniors are participating.

To strengthen the partnership between business and government in Boston, the Boston PIC has developed a special marketing strategy. Targeted firms receive packets of brochures that describe the PIC's incentive programs and their four principal objectives:

- to increase the private sector's involvement in publicly financed employment and training programs;
- to improve the employment and training system's responses to the needs of both industry and the economically disadvantaged;
- to provide good jobs for Boston's economically disadvantaged residents;
- to improve the local investment climate and increase coordination between employment and training and economic development.

The Boston PIC has taken on as its broad mandate the facilitation of economic development in the City. Accordingly, the PIC alerts companies to the variety of available capital sources, employment and training resources, and tax incentives.

Employing a study which identified labor shortages in the Worcester labor market, the Worcester PIC has funded skills training programs for electronics technicians, computer programmers and machinists. Each of these occupations is forecasted to be in high demand in the foreseeable future. The Worcester PIC has also funded an organization called Worcester Training Opportunities in the Private Sector, Inc. (WTOPSI), which provides a Targeted Jobs Tax Credit Program hotline. The WTOPSI staff accountant offers technical assistance to area employers on the "how to's" of the tax credit. Impressively, Worcester has the highest number of TJTC placements in the New England.

In Hamden County, the PIC works in close cooperation with the newly established Mayor's Commission on Technical Education and Training. While the PIC provides labor market information on the employment needs of the industrial community, the Mayor's Commission cooperates with the secondary schools, the community colleges and the Hamden County Skills Center to facilitate programs that address the personnel requirements of local industries. Through the combined efforts of the PIC and the Mayor's Commission, the greater Springfield business community receives assurances of available manpower for both the short and long term.

The Real Value of the PICs: Business Involvement in Labor Training

The invaluable by-product of PICs is the business community's increased involvement in improving government manpower programs—making them more responsive to private industry's needs while securing jobs for the disadvantaged and the unemployed. As the effects of Proposition 2½ are felt in Massachusetts, the private sector's increased involvement and concern will be crucial. Without cooperation between the public and private sectors, the effects of the 2½ cutbacks could be devastating.

PICs should ultimately demonstrate that public-private cooperation can produce more efficient and effective placement of the unemployed. Costs per placement should

decline, and the quality of jobs secured should improve. Thus, all of us will be getting a higher payout for each Federal training dollar. In addition, public-private partnerships should help meet the needs of individuals who would not otherwise find employment.

Finally, the potential of the PICs is great. Indeed, there is considerable discussion in Washington that their programming responsibilities and funding should be increased over the next several years. This simply reflects the reality that PICs are that part of the CETA program that really works. As they assume new responsibilities, PICs must maintain their integrity by operating in areas where they fulfill their training mandate, thereby avoiding the common criticism of being "just another public program." Ultimately, we are fully confident that PICs will achieve their highest goals.

Strategic Marketing Planning Seminar

On June 10, 1981 the School of Business Administration will present an intensive one-day seminar devoted to strategic marketing planning. Designed for marketing managers with planning responsibilities, the seminar will examine such topics as environmental influences that shape market opportunities; assessment of product strengths and weaknesses; and deployment of useful strategic marketing tools. The seminar will take place at the Sheraton Inn in West Springfield. For further information contact the School of Business Management Development Programs Office at (413) 549-4930, ext. 216.

Chamber of Commerce School of Business Synergy

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Introduction

Business and governments are not merely product and service oriented. They are information oriented as well. Businesses and governments generate and use so much knowledge that our economy has been called "an information economy."[1] Sometimes, the educational role played by local chambers of commerce goes unrecognized. These organizations conduct studies and disseminate information about the economy, business, and government-business relationships. Further, they assemble and use information to promote the economic well-being of their communities; but more, they look for effective ways to maintain and improve the quality of community life, to create new community images, to foster political awareness and involvement and to enhance human resources as concomitants of industrial and commercial development. Chambers of commerce have consistently contributed to the impressive growth of human knowledge.

Universities house centers for the study of the same phenomena. Among these are Schools of Business and Public Administration, or Schools of Management, as they are increasingly becoming known. The role of universities goes well beyond classroom education. They are repositories for cultural and technical information which serve a broad range of community needs. They are centers for basic research and forums for ideas that change the course of society. The missions of a school of business and public administration (or school of management) are to develop knowledge in business administration and in the policy sciences, and to improve the management of public and private organizations through effective education, research and public service.

Cooperation

Business managers should look to universities for a variety of services, and, through chambers of commerce, should take the lead by working with faculty members to determine how the business community can support their schools' missions. No altruistic exercise is being suggested. The process should have basic economic development aims. By strengthening institutions of higher learning, chambers can begin to tap one of society's most valuable resources.

Chambers study relationships between the quality of life and economic development. They are learning that economic development first requires enhancement of the quality of community life. Recently, in a government study, the Joint Economic Committee of the United States Congress observed that the quality of life in a community is perceived by corporate decision makers to be more important in expansion or relocation decisions than are the typical business-related factors.[2] Of the seven variables that respondents considered most important, six reflect community rather than business attributes. The seven variables include the following:

1. City government attitudes toward business
2. Crime level
3. Adequacy of public facilities
4. Market demand for product or service
5. Adequacy of public services
6. Quality of city's schools
7. Cultural attractions.

Tax rates, business costs and labor factors were not viewed as important as quality of life characteristics. However, the report generalized that the perceived business climate of a community closely parallels its perceived quality of life. This and similar studies are making chambers of commerce more aware that the most efficient course to future economic development is marked by heightened political involvement, better educational opportunities and a host of other non-business factors.[3]

To enhance the quality of life, universities must be available to provide all segments of society with high quality service. Education is essential to ensure a high quality labor pool for business and government. Chambers are learning that community residents are their most valuable resources.

As a base for human resource development, chambers should conduct surveys that determine the range and level of skills that are available and needed in the work force. Schools of business are best suited to conduct these studies. Through these and similar studies, universities can contribute directly to economic development. Moreover, a community's quality of life is enhanced by its university's role as a center of culture.

Cooperative university-chamber institutional arrangements can strengthen the effectiveness of each in endeavors of mutual concern. Schools of business should help meet chamber-directed applied research needs in return for chamber support of basic research and its longer run benefits.

Chambers can both promote and directly participate in education. They can form close liaisons with their communities' educational institutions to ensure that students receive the best education possible. They can support institutions of higher learning by making strong pre-education presentations at hearings and meetings. They can work closely with municipalities, businesses and university schools of business and public administration to promote and participate in regional development planning. They can commission university studies on a range of subjects related to economic development and community well-being (for example, surveys that determine the role of newcomers in the community's economy).

Chambers can improve business education through a variety of activities. They can meet with faculty and administrators to ascertain current plans and to determine where the chamber can best lend its support. They can develop a strategy to lobby for appropriate funding for universities. They can establish a speakers bureau and encourage its use by business faculties.

Chambers can design and implement a campaign that urges chamber members to use schools of business and public administration for research studies. They can encourage students to pursue careers in local businesses and governments by establishing internship programs in cooperaiton with those at universities. Finally, they can provide university scholars with much otherwise unavailable information.

Conclusions

Schools of business and chambers of commerce coexist in an information economy and are engaged in teaching, research and service missions over the same ground. Universities have skilled researchers whose activities can directly benefit chamber members, and chambers of commerce are entry ways to knowledge and offer resources sought by faculty scholars. Both universities and chambers generate and consume knowledge. Through cooperation, each can better fulfill its missions and enhance the quality of life within its community.

End Notes

1. Pogrow, Stanley, "In an Information Economy, Universities and Businesses Compete for Workers" *Chronicle of Higher Education*, Vol. 22 no. 4 (March 16, 1981) p. 64.
2. *Central City Business Plans and Problems*, Government Printing Office, Washington, D.C.
3. *Anchors Aweigh, Anchorage: A Charted Course for Commerce*, Anchorage Chamber of Commerce, Anchorage, Alaska, (December, 1980). This report is the basis for much of the content of this article.

The April 1981 Massachusetts Economic Policy Analysis (MEPA) Model Forecast

by George Treyz and Roy Williams*

Revised employment data just issued by the Massachusetts Division of Employment Security show that the 1980 Massachusetts recession was concentrated in the second and third quarters of 1980. The figures now indicate that the recession hit nonmanufacturing as well as manufacturing employment. However, they continue to show that Massachusetts had a much milder recession than the rest of the United States. Current data also indicate that Massachusetts employment has grown in the last two quarters.

Since our January forecast the U.S. forecast by Data Resources, Inc. has become much more optimistic. Its forecast for real GNP in 1983 has increased by over five percent in the last three months.

The MEPA model predicts slow growth for 1981 followed by faster growth in the next two years. During 1981 the only quarter forecast to have negative employment growth is the third quarter, when the employment effects of Proposition 2½ will be more pronounced. Given the more optimistic U.S. forecast, growth for Massachusetts is also forecast to be higher than it was in our January forecast. We know predict that the Massachusetts unemployment rate will hover just below 6% in 1981 and then gradually decline to below 5% by 1983.

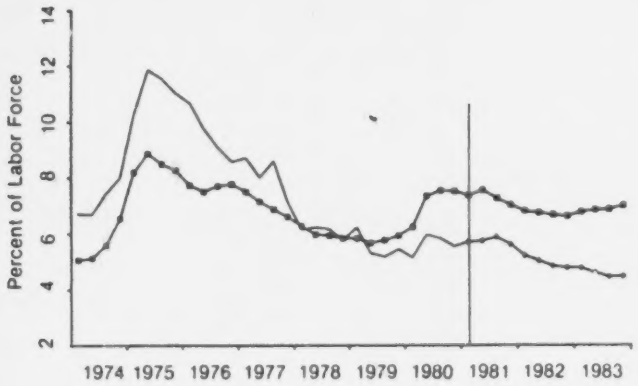
Inflation is forecast to decline slowly from above 10% in 1981 to lower than 9% by 1983. However, the rate of wage increase is forecast to be slightly lower than the inflation rate, thus leading to small continuing declines in real wages. However, decline in real wages is more than offset by higher employment relative to our population. This, in turn, leads to increases in real per capita income over the forecast horizon.

In summary, the forecast shows a Massachusetts economy roughly on hold during 1981 with employment growing just rapidly enough to absorb increases in the labor force. In 1982 and 1983 the pace may pick up a bit with durable manufacturing and services leading the way, and with construction and other nonmanufacturing following as the Massachusetts economy expands.

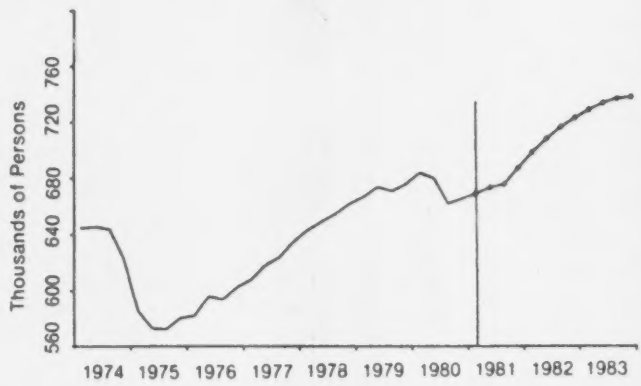
*Director and Associate Director, respectively, of the MEPA project, Economics Department, University of Massachusetts, Amherst, MA 01003. (Tel. 413-545-0915). Technical support was given by staff of the Massachusetts Division of Employment Security. Support from the Legislative Science Resource Office, the Department of Public Welfare, the Executive Office of Economic Affairs, the Division of Employment Security, the Executive Office for Administration and Finance, and Massport. National inputs from CONTROL 032381 from Data Resources, Inc.

Graphical Representation of Selected MEPA Forecasts

Unemployment Rate — Mass. ●● U.S.

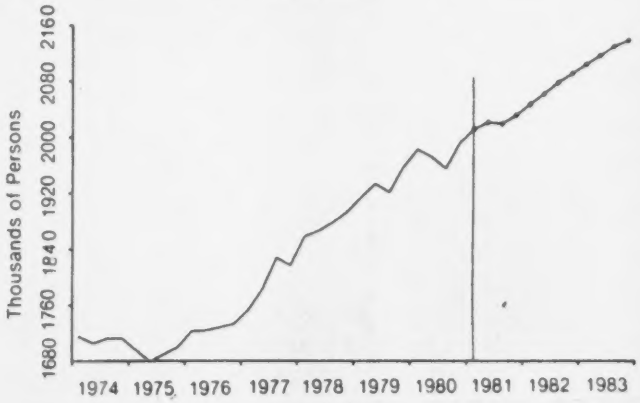


Manufacturing Employment



Real Per Capita Disposable Income

Non-Manufacturing Employment



Erratum Note

We wish to correct the following editorial error that appeared in M.A. Adelman's article, *Oil and the Energy Problem*, in the Winter 1981 issue of the *Report*. The sentence which begins on page two, column two, line one should read "The income tax, individual and corporate, would take more than half of these windfall gains." It should be followed by the following sentence: "So price control really amounts to this: we the people give up our half of the windfall in order to deprive the detested oilman of his half."

April Control Forecast

Summary Report
Massachusetts Economic Policy Analysis Model
(Seasonally Adjusted Annual Rates)

	1980	1981	1982	1981:1	1981:2	1981:3	1981:4	1982:1
Employment—Nonag. W. & S.	2648	2698	2781	2681	2695	2695	2719	2746
% Change	1.7	1.9	3.1	3.5	2.1	-.0	3.6	3.9
Manufacturing	673	677	712	670	674	676	688	699
% Change	.2	.5	5.2	2.3	2.6	1.3	7.1	6.7
Non-Manufacturing	1975	2021	2069	2011	2021	2019	2032	2047
% Change	2.3	2.3	2.4	4.0	2.0	-.5	2.5	3.0
Unemployment Rate	5.6	5.7	5.0	5.7	5.7	5.9	5.6	5.2
Rate of Wage Change	9.0	9.7	8.8	8.9	8.7	9.1	9.1	9.2
Wage Index Rel. to U.S.*	93.8	94.4	94.9	94.1	94.3	94.5	94.6	94.7
Avg. Weekly Hours in Mfg.	39.8	40.3	40.6	40.1	40.2	40.3	40.4	40.5
Rate of Price Inflation	12.7	11.3	9.6	17.1	7.3	8.3	9.8	10.2
Relative to U.S. CPI*	95.9	96.7	96.8	97.1	96.5	96.4	96.6	96.7
Personal Income (mil$)	57567	64594	72388	61911	63585	65491	67388	69293
% Change	12.2	12.2	12.1	12.8	11.3	12.5	12.1	11.8
Disposable Income (mil$)	48163	53914	60757	51546	52878	54464	56771	58260
% Change	12.1	11.9	12.7	11.3	10.7	12.5	18.0	10.9
Real Per Cap. D.I. Index*	106.5	106.2	108.1	104.9	105.5	106.3	108.0	107.9
Relative to U.S.*	103.3	103.2	103.5	102.5	103.4	103.5	103.5	103.5
Rel. Business Cost Index*	97.1	97.5	97.7	97.4	97.4	97.5	97.6	97.6
Manufacturing*	96.1	95.8	96.0	95.7	95.7	95.8	95.8	95.9
Non-Manufacturing*	97.6	98.3	98.5	98.2	98.2	98.3	98.3	98.4

*Indexes equal 100 in calendar 1973.

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